



state senator

# Robert D. Garton

2005 LEGISLATIVE UPDATE

Indiana Senate  
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## INDIANA CREATES LONG-AWAITED DEPARTMENT OF AG

As one of the nation's leaders in agriculture, it would probably come as a surprise that, prior to this year, our state had no official Department of Agriculture.



Indiana was one of only four states that operated without a Department of Ag. The other three — Alaska, Arkansas, and Rhode Island — come as little surprise, but our state ranks second in the nation in the amount of prime farmland, and a one-stop entity that would handle all of our agriculture issues would greatly benefit this industry.

House Bill 1008 created the official Indiana Department of Agriculture and consolidated duties that were once scattered across numerous agencies. The move costs Indiana taxpayers no money. In fact, it should save money by merging 10 separate agriculture boards and commissions into one department.

The bill also changes who serves as the chief advocate for the agriculture community. The passage of this bill creates an appointed Commissioner of Agriculture. This will allow the governor to choose the most qualified person to handle the state's agricultural dealings.

## INSIDE THIS ISSUE:

- school funding
- the meth epidemic
- biofuels initiatives
- homeland security

## The State Budget: Holding the Line on Spending

### LEGISLATURE PASSES FIRST BALANCED BUDGET IN 10 YEARS

The Indiana General Assembly has passed a balanced two-year state budget that holds the line on spending, eliminates the structural deficit, adds no new state taxes, provides \$4 billion in property tax replacement credits over the next two years and adds \$112.4 million to K-12 education.

Senate Republicans voted to control state spending while boosting funding for K-12 education, scholarships for higher education and child protection. Medicaid funding is held to a 5 percent increase. This is in contrast to the 10 percent growth experienced during the current biennium.

The passage of this budget bill is quite an accomplishment. To overcome a \$645 million structural deficit and end up with reserves — all without new state taxes — is no small feat.

Education funding remained a top priority by the Senate Republicans. The school funding formula is driven by an innovative approach that funds children as individuals instead of simply funding corporations. Special factors are taken into consideration, such as poverty, single parent families and free lunches, when determining the level of funding that is to follow a child.

The General Assembly continually has increased education spending in past years, even when other states were cutting education. In 2003, Indiana had the highest

increase of K-12 funding in the country — during a national recession. The new budget gives more money and funding options to Indiana public schools than has ever been given in the history of the state.

Additionally, the state is distributing to local governments \$4 billion in property tax replacement credits (PTRC), in an effort to provide relief to homeowners and other property tax payers. Local governments and schools keep 99.9 percent of all property taxes, which are levied by local governments and schools. Half of all revenue raised by the state sales tax is used for PTRC, as is 14 percent of the income tax and nearly a half billion dollars every year from the wagering tax.

Earlier in the session, Senate Republicans voted to pass a measure to reform the property tax system by giving local governments an option to shift the property tax burden to an income tax in order to be more fair and equitable to Hoosiers. The initiative was successful in the Senate but failed to receive consideration in the House of Representatives when the bill met substantial opposition from local government officials.

The new budget is a prescription for positive change in Indiana. It is the first balanced budget crafted by legislators in 10 years. I strongly support efforts to keep spending down while providing adequate funding for essential services.

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## FACTS & FIGURES

### FROM THE 2005 LEGISLATIVE SESSION

The First Regular Session of the 114th General Assembly began on Organization Day, November 16, 2004, and adjourned April 29, 2005.

This budget year was known as the “long” session.

Senate bills introduced: 647  
Senate joint resolutions introduced: 10

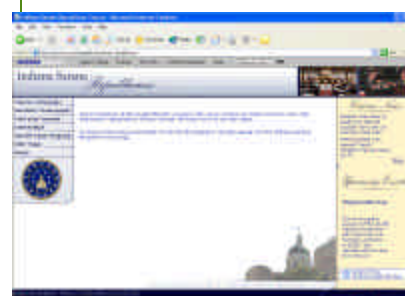
Senate bills passed: 163  
Senate joint resolutions passed: 1

House bills introduced: 859  
House joint resolutions introduced: 18

House bills passed: 85  
House joint resolutions passed: 1

Percent of introduced bills that were sent to the governor: 17%

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## Technology Initiatives Make Indiana A 21st Century State

Thanks to technology, the world is advancing at an extremely fast pace. In order to keep up with the times, the General Assembly must address technology issues every year. This year was especially successful in this area.



**House Enrolled Act 1137** creates the office of technology by combining the duties performed by several separate entities. This new office will be in charge of the state's technology dealings.

**Senate Enrolled Act 92** makes it a Class D felony for an operator of an Internet site to knowingly or intentionally use the Internet to engage in unlawful or professional gambling. The law also allows interactive computer services to file a civil lawsuit against a person who initiates a commercial e-mail that violates the prohibition against Internet gambling.

**SEA 49** is designed to protect computer users' personal information from being viewed by others. The bill attempts to prevent Spyware, software used to track personal information and record the Web sites a user visits. This software can change start pages and alter files on a person's computer, all without that person's knowledge or permission. Spyware can also be very damaging to businesses because it can extract private information. SEA 49 makes some Spyware illegal and allows a software provider, Web site owner, or trademark holder to bring a civil lawsuit if they are affected by illegal use of Spyware.

**SEA 566** creates a panel of experts to develop a medical information system for Indiana. A medical information system would connect physicians' offices, pharmacies, laboratories, imaging centers, hospitals and other medical facilities. If a person became ill in another part of the state, a physician with proper authorization could have immediate access to the person's medications, medical history and lab and X-ray reports. This program has the potential to save many lives each year.

**SEA 590** allows the electronic transmission of prescriptions and the transmission of prescriptions for schedule III, IV, and V controlled substances by fax. This makes the transmission of the information fast while keeping it safe.

## Biofuels Will Benefit Farmers, Motorists, and Economy

Two significant clean energy initiatives have passed the Indiana General Assembly and have become law.

House Enrolled Act 1032 requires state government to fuel state vehicles with agriculture-based fuels, such as biodiesel, ethanol, or gasohol, whenever possible. Biodiesel is a clean burning alternative fuel, produced from domestic, renewable resources, such as soybeans. This helps improve air quality and our economy by taking advantage of resources from right here in Indiana.

Senate Enrolled Act 378 will expand the tax incentives passed during the 2003 legislative session on the production and use of Indiana soy diesel and ethanol fuels and provide additional incentives for clean coal gasification plants. This bill covers all facets of processing — from soybean crushers to oil refineries to the service stations that will supply the fuel — while growing the demand for

agricultural commodities and increasing farmers' profits.

SEA 378 provides an additional \$5 million for bio-diesel production, which will be divided into \$1 million sections for the refineries, wholesale, blenders, and service stations that carry the fuel. The bill also expands the tax credit from \$10 million to \$20 million for large ethanol and soy diesel production plants.

Additionally, SEA 378 provides tax credits for companies who build and operate integrated coal gasification power plants in Indiana. Coal gasification is the process of using Indiana's high sulfur-coal and transforming it into clean burning energy.

Currently, over half of the coal used to generate electricity is imported into Indiana. If Indiana coal were to replace imported coal, it would add \$1.35 billion and 18,000 jobs to our state's economy.

## New Law Will Help Curb Meth Production

Meth is dangerous and has high potential for serious addiction. It produces physical effects similar to cocaine; however, the long-term damage to a meth user's body is much worse.

In 2003, Indiana law enforcement seized 422 meth labs, a figure higher than any other Midwestern state, according to the U.S. Drug Enforcement Administration. Home labs are on the rise in rural areas of Indiana.

It is difficult to catch meth producers because all of the ingredients needed to manufacture meth can be purchased legally and are relatively inexpensive.

This year, the General Assembly passed a bill to regulate the sale and purchase of meth precursors in the hope of reducing production in Indiana.

Senate Enrolled Act 444 includes a variety of measures designed to stop the production of meth by placing restrictions on the sale and purchase of drugs containing ephedrine or pseudoephedrine, commonly found in over the counter cold and allergy medicines.

Retailers now must store such drugs in a locked display case or behind a counter that requires employee assistance. Pharmacies may place the drugs directly in front of the pharmacy counter in the line of sight of a pharmacy employee and in an area under constant video monitoring.

Customers purchasing these drugs must present identification and record their names, addresses and driver's license or other ID number in a log book provided and maintained by the retailer.

The bill bars retailers from selling the drugs to individuals under age 18 and allows no more than 3 grams of drugs containing ephedrine or pseudoephedrine in any one transaction. It also prevents customers from purchasing more than 3 grams of such drugs in a single week.

Meth production has become a significant problem in Indiana. The spread of this drug is having a major, long-term, devastating impact upon our communities, and we have no choice but to fight back with every available weapon.



Meth producers use blister packs of cold pills as ingredients.

## Making Dollars & Sense of SCHOOL FUNDING

Indiana has had a long history of strong financial support for education, spanning several administrations. In 2003, during a national recession, our state had the highest increase of K-12 funding in the country. Funding for public education is our top priority and by far the largest part of our state budget.

Indiana ranks 17th in the nation for per pupil spending and 16th in average teacher salaries; 10th highest with cost of living adjustments. In the 2003 budget session, we provided a total formula dollar increase of 1.6 percent for 2004 and 1.7 percent for 2005. With Capital Project Fund Transfers included, the total formula increases were 3.3 percent and 2.9 percent. From 1993 to 2003, K-12 spending grew 69.3 percent. Compare that to a growth in K-12 enrollment of only 4.2 percent. If federal money is included, total dollars increased from \$5.4 billion to \$9.3 billion during the same period.

The explosion in school spending was due in part to an antiquated method of funding education. For many years, the Legislature has funded school districts on the basis of a "minimum guarantee." This process abandons our

focus on individual children by giving every school district a guaranteed increase in public funding. The guarantee is intended to cover a district's fixed costs, but the result is that children are treated unequally and costs are soaring.

The use of a minimum guarantee for school corporations has reached the point where 263 out of 295 school corporations are now operating without regard to how many children are enrolled in their schools. Some corporations have lost 30 percent of their enrollment in the last six years but have seen their funding per child increase by as much as 75 percent. Meanwhile, corporations with growing enrollments currently are receiving less than full funding for each new enrollee. The minimum guarantee has shifted our focus from children to corporations and fails to maximize the use of dollars where they are needed — with the children.

In lieu of this old-fashioned method, there should be a standard amount of funding for every child while allocating additional money for children who have multiple needs. If a school corporation grows and adds children, that basic level of funding should be provided

the school funding plan recognizes children as individuals.

## Creating a Secure Indiana

Our state's collective safety remains a primary concern of legislators. This year, the Senate took steps to ensure Indiana's homeland security system protects citizens effectively and efficiently.

Governor Mitch Daniels joined the General Assembly in these efforts by announcing a new proposal combining the state's emergency management and homeland security efforts. The Senate took these suggestions and fashioned a bill that creates the Department of Homeland Security (DHS) in order to coordinate the state's safety measures under a central entity.

After garnering unanimous support in both chambers of the Legislature, the initiative moved to the governor's desk for signature. Governor Daniels signed the bill into law in April.

The governor plans to establish four divisions within the DHS: the Division of Planning and Assessment, responsible for federal grants; the Division of Preparedness and Training, which includes the Public Safety Training Institute; the Division of Emergency Response and Recovery, which would incorporate the existing State Emergency Management Agency; and the Division of Fire and Building Safety, which would include the state fire marshal and the state building commissioner.

Another important measure that emerged from the 2005 legislative session addresses a security loophole that exists in state law concerning airline luggage. Currently, local law enforcement officers cannot arrest or detain a person transporting an undisclosed dangerous device, like firearms or explosives, contained within his or her checked airline luggage. Safety measures already have been implemented for carry-on luggage containing dangerous items, but there are no such laws dealing with luggage that has been checked.

Senate Enrolled Act 117 requires a person checking baggage containing a firearm, an explosive, or a destructive device, all defined by state law, to disclose this information to the airline. An intentional failure to do so would result in a Class A misdemeanor. The bill gives local law enforcement officers the right to detain a person who violates this law.



ABOVE: Sen. Garton debates a bill on the Senate floor with another member of the General Assembly. This year, for the first time, Hoosiers could watch live action on the Senate floor via the Internet.

for each additional child. Our focus needs to be on the approximately one million children we are funding, rather than on corporations.

The Senate's school funding plan recognizes that every child deserves a foundation of funding. The formula first determines an amount needed for the "basic" education of each child. Additional funding is disbursed based on other needs and achievements. For example, each child who requires special education would receive additional money, just as school districts would receive money for every student who completes the academic honors diploma.

The formula also includes a "complexity index" that designates additional funding for children who fall into the following five categories: children who qualify for free lunch; children in a home with a single parent; children in a home of poverty as determined by federal standards; children who are limited English proficient (LEP); and children from a home where one parent has less than a high school education. If a child qualifies in more than one category, that child gets funding for each category in which he or she qualifies. This ensures that the formula focuses funding on the individual child, making the process more equitable. We also went on to guarantee that a corporation's average funding per student cannot drop by more than 1 percent in a year.

Hoosiers express concern about education performance and the "brain drain" problem. In a time when the state must utilize a limited amount of money, it is imperative that we pinpoint every dollar toward the individual child to achieve maximum efficiency. If the citizens of Indiana want to fund public education successfully, we must focus on our greatest investment: the well-educated child.

